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May 2, 2005

**VIA FEDERAL EXPRESS**

Honorable Kenneth M. Karas, U.S.D.J.  
The Daniel J. Patrick Moynihan Courthouse  
500 Pearl Street  
New York, New York 10007-1312

**Re: Frontier Insurance Co. v. Dwight Halvorson Insurance Services, et al.,**  
**04 Civ. 3361 (KMK)**

Dear Judge Karas:

We represent plaintiff Gregory V. Serio, Superintendent of Insurance of the State of New York, as both the Rehabilitator of Frontier Insurance Company ("FIC") and Assignee of Platinum Indemnity, Ltd., in the above-referenced matter. We write to update Your Honor on the mediation of FIC's claims against defendant Dwight Halvorson Insurance Services, Inc. ("DHIS").

Your Honor will recall that the formal mediation session, initially scheduled for the second week of March 2005, was later adjourned to April 21, 2005. On the eve of the rescheduled mediation session, DHIS requested a substantial volume of additional information regarding FIC's damages calculations. We initially objected to any further delay in the mediation. However, the mediator encouraged us to agree to adjourn the session in order to provide DHIS with this additional information and thus maximize the likelihood that the mediation will produce a resolution to this dispute. Upon the recommendation of the mediator, we reluctantly consented to a further adjournment to allow both parties to produce additional information.

DHIS's request for additional information will require FIC's commitment of substantial time and resources to culling this information from its files. FIC estimates that it will require a number of months to marshal this documentation, some of which is believed to be located in deep storage. In light of this estimate, the mediator has directed the parties to

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exchange certain additional documentation and information by no later than July 15, 2005. The mediation itself has been rescheduled for July 25, 2005.

Under the circumstances and at the direction of the mediator, we request that the Court continue the stay of that portion of the above-referenced action involving FIC's claims against DHIS until after the completion of the mediation process. Should Your Honor require any further information in this regard, please let us know. If Your Honor prefers, the AAA mediator, Philip Zimmerman, can be contacted directly at (201) 797-2397.

Thank you in advance for your consideration.

Respectfully submitted,



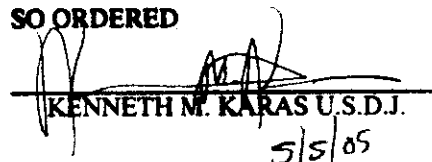
William S. Gyves (WG 2770)

WSG/jr

cc: Lorienton N.A. Palmer, Esq. (via facsimile)  
Philip Zimmerman, CPA (via facsimile)

*The action is stayed until July 31, 2005,  
at which time the parties are directed to provide  
an update to the Court.*

**SO ORDERED**

  
KENNETH M. KARAS U.S.D.J.  
5/5/05